

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 118 – HB 107

March 9, 2015

SUMMARY OF ORIGINAL BILL: Makes various revisions to the Tennessee Promise Scholarship Act of 2014. Establishes that a full-time student means a student who is enrolled in a minimum of 12 semester hours, or a student who is enrolled in a full-time program at a Tennessee college of applied technology, rather than a 12 semester hour equivalent at such college. Defines gift aid as financial aid received from the federal Pell grant, the Tennessee Education Lottery Scholarship, or the Tennessee Student Assistance Award. Establishes that a student is eligible for the scholarship for a maximum of five semesters, not including an approved leave of absence, instead of a maximum of two and one half years from the date of the initial enrollment, exclusive of an approved leave of absence. Requires a student to maintain continuous enrollment as a full-time student in each semester while receiving the scholarship, unless such student is on a medical or personal leave, as approved by the student's eligible postsecondary institution. Authorizes a student to enroll in fewer than 12 semester hours if required by the academic program in which the student is enrolled. Authorizes the Tennessee Student Assistance Corporation (TSAC) to promulgate rules regarding leaves of absence extending beyond the currently authorized six months. Authorizes TSAC to promulgate rules to establish deadlines for applications, and appeal procedures for the denial or revocation of the scholarship, and to otherwise effectuate the purposes of this part.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – \$26,000/FY17-18/Lottery for Education Account
Exceeds \$26,000/FY18-19 and Subsequent Years/
Lottery for Education Account

SUMMARY OF AMENDMENT (003929): Defines an "eligible postsecondary program" as a curriculum of courses leading to a certificate, diploma, or associate degree at an eligible postsecondary institution, and specifies that courses taken at a four-year postsecondary institution prior to admission in, or that fulfill prerequisite requirements for, an eligible postsecondary program shall not be considered part of such a program. Defines a "Tennessee Promise scholarship student" as a student admitted to and enrolled in an eligible postsecondary program. Makes several other technical corrections without making any other substantive changes.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- TSAC estimates that 40 students will require leaves of absence extending beyond the currently authorized six months, codified in Tenn. Code Ann. § 49-4-708(c)(7).
- It is estimated that such students would, as a result of the proposed bill as amended, regain scholarship eligibility for one semester, which would be awarded on the end of their academic program. Therefore, the first year impacted by this bill as amended is estimated to be FY17-18.
- Tennessee Promise is a last-dollar scholarship, meaning the scholarship will cover tuition and fees not covered by other gift aid. The average scholarship per semester is estimated to be \$650 in FY17-18. Due to expected tuition increases, the average scholarship per student per semester is estimated to exceed \$650 in FY18-19 and subsequent years.
- The increase in state expenditures from the Lottery for Education Account (LFEA) is estimated to be \$26,000 (40 x \$650) in FY17-18; the recurring increase in state expenditures from the LFEA in FY18-19 and subsequent years is estimated to exceed \$26,000.
- The remaining provisions of the proposed legislation as amended will not result in a significant state or local fiscal impact.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

/bos